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November 20, 2007

Mr. Kevin Martin, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Media Docket 07-42

Dear Mr. Chairman:

I am writing to bring to the FCC's attention a programming matter with respect to our local Comcast cable system that my constituents have brought to my attention.

Comcast recently acquired rights to Portland Trailblazers basketball games for a new regional sports network it is creating. Comcast is forcing customers on Corvallis system to buy this new Comcast-owned network as part of their "analog basic" must-buy cable package. Comcast is also demanding that other cable systems and satellite carriers serving the area carry the new regional network on their most-basic must-buy tiers at a very high price, for which there are currently few (if any) takers; if other carriers do not take the Comcast network at the price being sought, Comcast will in effect have obtained exclusive local sports programming for its cable system, which will make it harder for competing video providers to attract customers.

Comcast is also requiring viewers on the Corvallis system to take low rated Comcast-owned channels such as E!, Style, the Golf Channel, and Versus as part of the must-buy "analog basic" tier. At the same time, Comcast is trying to force Corvallis subscribers to upgrade from "analog basic" service to "digital basic" service -- which not incidentally will cost subscribers about \$1 per month more -- by moving some relatively popular non-Comcast-owned basic cable channels to the digital basic tier. The channels that have been moved in Corvallis include the family-friendly Hallmark Channel; MSNBC; and Oxygen, which serves a predominantly female audience.

Finally, while Comcast is making every subscriber take its new regional sports network, it is only offering the NFL Network -- a channel that is of great interest to my constituents -- on a still narrower, and still more expensive digital tier for which customers will have to pay \$5.99 per month on top of a still more expensive "digital classic" tier that costs almost \$63 per month (about \$11 per month more than the "digital basic" tier needed to continue to get Hallmark, Oxygen, and MSNBC).

The theme underlying the differing treatment given to these various channels seems to be that channels Comcast owns get the broadest distribution, while those that Comcast does not own get

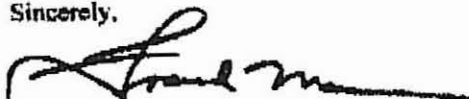
moved to less widely-available and more expensive tiers -- usually in ways that will force consumers to pay more to get what they want, or to get what they had gotten previously. Channel carriage and tiering decisions thus appear to be made on the basis of Comcast's revenue and profit potential, rather than on the appeal to consumers, the quality, or the ratings of the channels and their programs. (For example, I understand the wholesale cost to Comcast of the channels in the sports tier required to get NFL Network is about \$2.25 per month -- meaning that after it sells those channels for the retail price of \$5.99, Comcast is left with a profit of over \$3.75!)

Cable company practices like these are not in the best interest of Corvallis consumers -- my constituents -- or consumers elsewhere in the nation.

I understand that the FCC has a pending rulemaking proceeding (Media Docket 07-42) in which it is considering possible rule changes so that carriage disputes like the ones involving NFL Network and various cable carriers can get resolved more quickly and in a consumer-focused manner, with the ultimate decisions based on the market value of the programming and not whether a cable company owns it. We urge the FCC to adopt the proposals made by Hallmark and NFL Network in that proceeding to establish a generally available binding arbitration remedy to help all independent programmers deal with cable operators. We understand that commencement of binding arbitration has successfully driven negotiated resolutions of certain disputes in which the FCC has ordered such a remedy on a stand-alone basis.

Although it is my belief that more than the an arbitration remedy will be needed to deal with cable company abuses such as those we have seen in Corvallis, the remedy is at least a good start towards pro-competitive changes to the cable industry that will enhance diversity of views among the channels delivered to consumers, and that ultimately will be in the best interest of my constituents.

Sincerely,



Frank Morse
Oregon State Senator